



**DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
2 NAVY ANNEX
WASHINGTON, DC 20380-1775**

IN REPLY REFER TO:

CMC-PR.
28 Sep 01

WHITE LETTER NO. 10-01

From: Commandant of the Marine Corps
To: All General Officers
All Commanding Officers
All Officers in Charge

Subj: STEWARDSHIP OF OUR RESOURCES: PART OF THE NEW REALITY

1. The horror and tragedy incurred as a result of the September 11, 2001 terrorist attacks are chilling reminders of the potential shock and devastating consequences of asymmetric warfare. As the nation and Marine Corps embark on a long-term campaign to eradicate terrorism, it is imperative that we carefully prioritize and execute our resources to support ongoing operations and the national defense strategy. The necessary, but competing goals of homeland defense, crisis response, and power projection will challenge our planning abilities, leadership skills, and resource realities.

2. As leaders, we are fully accountable for identifying requirements and exercising resource stewardship. Current fiscal constraints and mounting force protection/anti-terrorism requirements suggest that continuing scrutiny and discipline over how we allocate our limited resources is required. The Marine Corps provides the nation with a substantial return on its investment, providing nearly a third of all combat service support, 20 percent of all maneuver battalions, and nearly 20 percent of both fixed and rotary wing aviation assets within the Department of Defense for only 6 percent of the Department's Total Obligational Authority. While we always provide a "bigger bang" for the resource dollar, we must aggressively continue to seek efficiencies, fostering resource stewardship throughout our Corps as part of the inherent responsibility of every Marine and every leader. This stewardship is essential to the health and survival of our four readiness pillars: 1) Marines and their families; 2) Modernization; 3) Legacy Systems and 4) Infrastructure. As leaders, we are the principal custodians of the resources under our charge and must exercise vigilance in their use. We must strive to maximize the effective use of our limited manpower, materiel, and financial resources. While our commitment to leadership is renowned, there is evidence to suggest that we do not always live up to the expectations of our

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expanded responsibilities. Part of the problem is simple awareness.

3. The challenges that face our senior civilian leadership in providing the resources needed by our forces to maintain readiness and field needed capabilities requires us to search for new methods of doing business. It is my belief that corporate-based business practices can provide opportunities to realize efficiencies and "recover" otherwise wasted funds in several activities throughout our Corps. The Secretary of the Navy has stated that he is confident that the Department of the Navy (DON) can identify "10 percent" savings through internal process improvements. We should enthusiastically rise to this challenge.

4. There are a four clear ground rules. First, we must recognize the dynamic nature of the Planning, Programming and Budgeting System. In essence, we must understand the rules and processes that define our resource allocation. Central to this is the identification of our most pressing requirements and attention to the changing priorities addressed in the 12 September 01 ALMAR, A *NEW REALITY*. Second, we must clearly articulate these requirements, translate them into program objectives in the Program Objective Memorandum development process and ensure that they compete successfully for a realistic level of funding. Third, budget formulation and budget execution must complement one another so that we can effectively manage our resources. We must live within budgetary constraints by duly exercising budgetary restraint. In short, we must live within our means. We must be able to control and track the flow of our resources. As stated in previous White Letters, this requires internal management control procedures to avoid over-obligating funds without legal authority. The Anti-Deficiency Act (ADA) imposes statutory sanctions on how much money we spend and on what we spend. Violating the ADA is illegal. It could not be clearer. You cannot obligate funds that you do not control, nor can you use them for purposes for which they were not appropriated. This applies to any Marine commander or official who spends federal money. Fourth, the Commandant's Fiscal Reserve should not be viewed as a revolving account for "fixing" resource issues. These funds are for emergencies and those issues of extreme criticality to the Marine Corps. Discretionary funds held at the headquarters are not supplemental operating funds.

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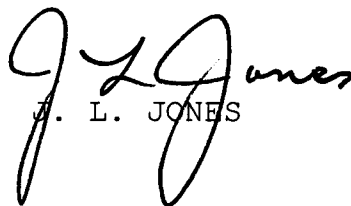
5. Your path to resource stewardship is full of challenges and opportunities. We are charged with seeking new and innovative ways to promote efficiencies at the program, budget, operating force, and supporting establishment levels. The incentive is two-fold: First, it is the right thing to do. Second, those who realize cost savings will retain generated savings; those who demonstrate cost avoidance win by simply not paying those costs with offsets. Implementation of sound internal management controls provides the vehicle to safeguard and manage your allocated resources. We must instill this in our Marines in the same manner as we instill leadership principles. Open dialogue between the headquarters, the operating forces, and supporting establishment is essential as a means to share the tactics and techniques for success in resource stewardship as well as lessons learned whenever we fall short in meeting our objectives.

6. Much has been published about Better Business Practices. We all intellectually accept the notion that doing "things" more effectively and efficiently is the logical step to improvement. Not all solutions or avenues for improvement are highly sophisticated. Rules and regulations that compromise our efforts or don't withstand the common sense test need to be scrutinized. Needless impediments should be removed. Sound business practices should be exercised at all levels. Presently, the Business Initiative Council (BIC), a senior OSD forum for identifying better business practices, continues to refine functional areas for improvement. The Marine Corps will benefit from participating and supporting the BIC as well as the DON's own reform efforts, but we must roll up our sleeves and dig into the Marine Corps' own processes. Activity Based Costing and Activity Based Management is a valuable tool to help us better understand our internal processes and costs. Our Logistics Transformation, Integrated Logistics Capability, and Installations Reform initiatives will streamline processes and promise substantial cost savings and cost avoidance. The Navy Marine Corps Intranet, numerous recruiting initiatives, and revised readiness metrics are just a small sampling of the enhancements across the headquarters that should yield efficiencies. Whether exercising fiscal oversight of food services, emphasizing fire control discipline, or individual accounting for medical gear, all the basic tenets of leadership responsibilities contribute to resource stewardship. All of our "Beans, Bullets, and Band-aids" are conserved so they are ready when we need them. There are areas throughout the Marine Corps that we must consider for greater efficiency, beyond those

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identified in the combat support and supporting establishment communities. The headquarters staff will consolidate and record all ongoing initiatives throughout the Marine Corps for collective review by all leaders as a template to assess processes that might benefit other commands or commodity areas.

7. The first step is recognizing that change is necessary and that possible savings are a byproduct of greater efficiency without compromising operational effectiveness. We can no longer afford to simply work harder. We need to work smarter. This is a long-term commitment and involves risk management. Prudent attention to resource stewardship will facilitate our Convergence Plans, implementation of our Expeditionary Maneuver Warfare and Marine Corps Strategy 21 to fruition. Stay engaged and remain vigilant. I know your leadership and judgment will serve our Corps well as we move forward.


J. L. JONES